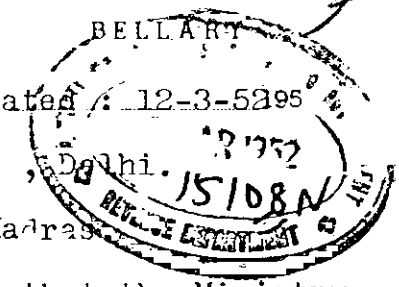
GOVERNMENT OF MADRAS.
Revenue (1952) Department

Endorsement
D.O.
Memorandum
Ledger
No. 15 108 IV/52

FOR MYSORE STATE

Certificate of Posting Obtained

G. SRIDHARMURTI B.A., B.L.,
ADVOCATE



Dated: 12-3-52

To,

1. The Secretary, Ministry of Finance, Delhi.

2. The Secretary, State of Madras, Madras.

Sir,

From The Hindu dated 10-3-52, I learn that the Ministry of Finance has issued a Press Note intimating the public that in regard to the interpretation of Art 286 of the Constitution concerning levy of sales tax, detailed instructions have been issued to the State Department. Will it be possible to have a copy of the detailed instructions referred to therein and the directions given under the said Article. I shall be much obliged if the instructions regarding the said Article may be made public and available to me.

May I request for an immediately reply,

Yours faithfully,

G. Sridharmurti

The Tamilnad Foodgrains Merchants Association Limited,

(Incorporated in 1948 under the Indian Companies Act 1913)

MADURAI.

தமிழ்நாடு உணவுப்பொருள் வியாபாரிகள் சங்கம் லிமிடெட், மதுரை.

TELEGRAMS: TAMILFOOD

TELEPHONE No. 388.

170, CHITRAKARA STREET,
MADURAI.
(SOUTH INDIA)

16362

Ref. No. 137/52.

Dated 19th March, 1952.

The Secretary,
Department of Revenue,
Madras 9

Sir,

Sub. Sales tax and Art.286 of the Constitution.
Finance Ministry's memo F 14(3)-P/51 (iii)d/17-3-52

The position regarding assessment of sales tax on exports from the State and articles that are the subjec matter of inter-State trade are not clear. The Deputy Secretary, Department of Economic affairs, Ministry of Finance, Government of India, New Delhi tells us in his letter cited above that full instructions have been given to State Governments in the matter. While requesting you to communicate to the commercial tax authorities the scope of the exemption may we pray a copy of the order ~~may~~ be sent to us for the benefit of members.

Yours faithfully,

Telegrams "RAMBROS"

Telephone :

N. RAMU BROTHERS

RICE MILL STORES, HARDWARE & MACHINERY MERCHANTS

AVANASHI ROAD

BENTLEY'S.

YOUR REFERENCE

OUR REFERENCE No.4476/37-52.

COIMBATORE, March 17th, 19 52

(S. INDIA)

The Secretary to Government,
Finance Department, (Economic Affairs),
Fort Saint George, Madras.

Dear sir,

MADRAS GENERAL SALES TAX ACT -Inter-State transactions - Levy of Sales tax -Article 286 of the Indian Constitution -Scope and Application -State List of 7th Schedule -Clarification requested.

Ref. 1. Press Note dated 8-3-1952 of Govt. of India, Ministry of Finance (Economic Affairs) published in Indian Express Madras dated the 10th March 1952.

2. Our letter No.3883/G-51/27-6-1951 to the Deputy Commercial Tax Officer, Coimbatore North.

On 27-6-1951, we wrote to the Deputy Commercial Tax Officer, Coimbatore North (Vide copy enclosed) to clarify the scope and application of Article 286 of the Constitution of India in regard to levy of Sales Tax on inter-State transactions in business and while we -- still await authoritative instructions in the matter, we have had to refund sales tax collected from Travancore State area, in terms of Article 286 of the Constitution of India.

Meantime, the Government of India Ministry of Finance (Economi Affairs) Notification dated 8-3-1952 published in the Indian Express dated 10-3-1952 comes as a guidance to refer the question to you for clarification.

We shall therefore thank you to let us know of the scope, - extent and application of Article 286 of the Indian Constitution in regard to levy of sales tax on inter-state business transactions at no distant date.

Awaiting clear instructions,

Yours faithfully,
Per Pro: N. Ramu Bros.,

M. Natesan.

Enc.One.

csr.17/3.p.

Please Turn Over.

Copy of this office letter No.3883/G-51/27-6-1951 to the Deputy Commercial Tax Officer, Coimbatore North.

Dear sir,

Sales tax -Inter-state transactions -Levy of Clarification sought.

It is brought to our notice that under Cl:2 of Article 286 of the Constitution of India, inter-state transactions in business are exempt from levy of sales tax.

We shall thank you to let us know the exact position in the matter, as we sometimes transact business with the Union of Travancore-Cochin State, Mysore State etc. Can we or can we not levy sales tax in these cases?

Thanking you for very early clarification in the matter,

Yours faithfully,
Per Pro: N. Ramu Bros.,
Sd.L. Natesan,
27-6-1951.

csr.17/3.p.

True Copy.

THE KANARA CHAMBER OF COMMERCE,

P. O. BOX NO. 116, MANGALORE-1 (S. INDIA)

TELEGRAMS: "CHAMBER"
TELEPHONE: 128

Date 24th March, 1952.

17638N

To

The Secretary to the Government of Madras,
Revenue Department,
Fort St.George, MADRAS.

Sir,

Sub: MADRAS GENERAL SALES TAX ACT, 1939-
Implications of Article 286 of the
Constitution.

Ref: (1) Our letter to you dated 12-3-52.
(2) Your reply No.14558-N/52-1, dated
19-3-1952.

***

In our letter to you dated 12-3-52, reference was made to the following two points:-

(1) That the Government of India were reported to have sent detailed instructions to the State Governments with regard to the interpretation of the provisions of Article 286 of the Constitution relating to levy of sales tax; That the Chamber desires to be enlightened on this issue involving interpretation of Article 286 in the light of the Government of India's instructions.

(2) That the Hon'ble Minister for Finance indicated at the meeting of the Madras Sales Tax Advisory Committee held on 30-6-51, that a Press Communique would be issued shortly explaining the implications of Article 286; That a copy of the said Press Communique, if any issued, may be sent to the Chamber.

The reply received from you as mentioned above, reads as under:-

> "I am to state that this Government have not so far issued any press communique on the subject mentioned above. A copy of the press communique will be sent to your Chamber when it is issued."

The point No.(1) mentioned above was the main issue that prompted us to address the Government and point No.(2) was only our incidental reference. From the reply it is apparent that the Government are silent on point (1) as it makes no mention of the Government of India's instructions. Our letter may therefore be reconsidered and a suitable reply sent to us explaining the implications of Article 286 as desired by us.

The Hon'ble Minister had promised to issue a press communique on this subject as long back as in June 1951. It is admitted now that the Government have not so far issued any press communique on the subject. We do not wish to comment on this but hope that the Government would realise the present state of suspense in which the traders are placed for want of a correct guidance in the matter and do the needful to avoid inconvenience and hardship to many assessees.

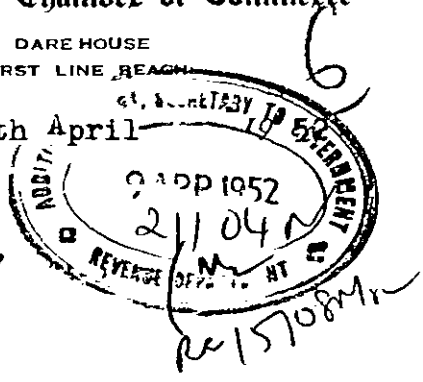
Yours faithfully,
For THE KANARA CHAMBER OF COMMERCE.

The Madras Chamber of Commerce

POST FOX NO. 35
TELEPHONE NO. 4488

DARE HOUSE
FIRST LINE BEACH

Madras, 8th April 1952



Ref.1055C/52

The Secretary to the Government of Madras,
Revenue Department,
Fort St. George, Madras

Dear Sir,

Madras General Sales Tax and Article 286
of the Constitution of India

.....

This Chamber has had the above subject under active consideration for many months past and has approached the Commercial Tax Department and other Revenue officials. Unfortunately, up to now no definite ruling has been made available to the public. This state of affairs is causing deep concern among the Members of my Chamber.

A recent Press Note issued by the Ministry of Finance, Department of Economic Affairs, early last month, indicates that the Government of India have sent detailed instructions to State Governments with regard to the interpretation of the provisions of Article 286 of the Constitution of India, relating to the levy of Sales tax by the State Government.

This Chamber, therefore, urges Government to issue the necessary directive in this matter as soon as possible in order to avoid any uncertainty or ambiguity in the interpretation of Article 286 with reference to the levy of Sales Tax in this State.

Yours faithfully,

Asst. Secretary

KS

HINDUSTAN SHIPYARD LIMITED.

SHIPYARD OFFICE

SHAH JAHAN ROAD HUTMENTS
SHAH JAHAN ROAD,
NEW DELHI.

Telegrams: "SHILPI"
Telephone: Scindia P. B. X.
GANDHIGRAM,
VISAKHAPATNAM.

Ref. No. CA/GL/6/10

22 APR 1952

April 1952.

The Secretary, Finance Dept.
Government of Madras,
Fort St. George,
Madras.

18 APL 1952

Dear Sir,

Re: Sales Tax - Interpretation of Article 286 of the Constitution of India.

We refer you to the press note issued by the Government of India, Ministry of Finance, Department of Economic Affairs, published in "The Hindu" dated 10th March, copy of which is enclosed herewith, in connection with the interpretation of Article 286 of the Constitution of India. It is stated therein that detailed instructions have been sent to the State Governments with regard to the interpretation of the Article 286 relating to the levy of Sales Tax by the State Governments and that all representations relating to the Sales Tax including those involving interpretation of Article 286 of the Constitution should be sent to the State Governments concerned.

Accordingly we have to request you to furnish us with a copy of the detailed instructions relating to the interpretation of the said article (i.e. Article 286) at an early date.

Thanking you,

Yours faithfully,
For Hindustan Shipyard Ltd.,

Managing Director.

Encl:1.
GSS:KYK

Fwi (Accts)

Rev. O.O.

Fwi no 29390 Accts.
21-4-52.

Z. AS

RD

Northern file on the subject has gone to Legal with this dept's no. 15108M/Sec & 317.C52. This may be added to the main file on its return from Legal and further action taken. The return of the main file may be awaited till 5/5/52

from Legal report

28/4/52.

29.4.52

LEVY OF SALES TAX
Interpretation of Article 286
Instructions to State Govts.

New Delhi, March 8: Following representations received from the public and from Chambers of Commerce and other institutions, the Government of India have sent detailed instructions to the State Governments with regard to the interpretation of the provisions of Article 286 of the Constitution of India relating to the levy of Sales Tax by the State Governments.

A Press Note issued by the Ministry of Finance, Department of Economic Affairs, says: From time to time the Government of India have received representations from the ~~ph~~ public and from Chambers of Commerce and other institutions regarding the interpretation of the provisions of Article 286 of the Constitution of India which impose certain restrictions on the levy of Sales Tax by the State Governments. Due to the importance of the matter, the Government of India have considered the implications of the provisions of Article 286 and have advised the State Governments thereof in detail. As taxes on the sale or purchase of goods (other than news papers) is an item in the State list of the Seventh Schedule to the Constitution, all representations relating to Sales Tax including those involving interpretation of Article 286 of the Constitution should be sent to the State Governments concerned.

(F.O.C).

Rev Dept

Memo No. 15708N/52-39 19.5.52

Sales Tax - M & S Act 39 - Duplications of Art 286 of the Constitution.

The Board of Rev is requested to refrain from sending any reply to enquiries from firms and dealers regarding the interpretation of Art 286 of the Constitution, till the Supreme Court's decision in the appeal filed by the Travancore Cochin Govt becomes available.

OA is sent 6/19/5/52

6/19/5/52

19/5/52

Dy Secy Rev (CT)

Mro 19/5

(C.No. 15108-IV/52)

Tax - M.G.S.T. Act 1939 - Implications of Art 286 of the Constitution

From Sri G. Sridharamenthy, Bellary and others, petitions 4 months c...

To AS

Please see the petitions in the CR.

2. The petitioners invite attention to the Press note dated 8.352 of the Govt of India in which it is stated that the Govt of India have sent detailed instructions to the State Govts with regard to the interpretation of the provisions of Art 286 of the Constitution relating to the levy of Sales tax, and that all representations in the matter, should be sent to the State Governments concerned. With reference to the above press note, the petitioners have requested clarifications of certain points relating to the effect of Art 286 on the S.T. Act.

3 It is submitted that no instructions have been received recently from the Govt. of India. The instructions referred to in the Press note are presumably those connected with the opinions of the Attorney General in July 1951. Based on the opinion

this Govt. are examining the question, and the clarification regarding the scope of Art 286 has not yet been settled completely. The question of issuing a press communique is therefore pending. It is likely that numerous references making enquiries of the kind will be received in the near future both by the Govt. and by the Board. It is submitted in this connection, that Legal Affairs file Legal have stated that it is not desirable to give any reply on the scope of Art 286 till the decision of the Supreme Court, on the appeal filed by the T.C. Govt is known. In the circumstances, it is for orders whether any reply need be sent to the communications on the C.F.

A

4. Legal(y) may see for remarks

28/3/52

No reply need be sent. The decision in the appeal referred to at A above may be awaited

B
4 4 5 2

DS
1 4 5 2

RD

Lo1

Please see the orders above. For orders whether the Bd may also be asked to refrain from sending any reply to enquiries from firms and dealers regarding the interpretation of Art 286, till the Supreme Court's decision

in the appeal filed by the T.C. just become available. Legal may also see for remarks

Instructions may go as proposed

13/5/52

14/5/52

14-5-52 DS

Ref no 1570 SM/52-1

Legal Dept

Case of 1570 SM/51

The view at X on pp 2-3 ante is accepted in this Dept. — See also the remarks/note of this Dept at P 3 ante in the linked file

5758 17 APR 1952 LEGAL DEPARTMENT

D/ADS. JoAS

RD

Please see the notes from ~~the bottom~~ 1 ~~of the order~~ p. 1 ante

2 The view at above is accepted by Legal. A Dept memo. is submitted for approval. HM (RW) may see.

10.5.52

DS

al no 5758/52-1

26/4/52 SECRETARY

2572

28/4/52

7.5.52

HM (RW)

App

16.5.52

HM (RW)

17 MAY 1952

DEPUTY SECRETARY TO GOVERNMENT

17 MAY 1952

Cutting from the Hindu
Dt. 9th March 19

LEVY OF SALES TAX

INTERPRETATION OF ARTICLE 286

INSTRUCTIONS TO STATE GOVTS.

(FROM OUR CORRESPONDENT.)

NEW DELHI, March 8.

Following representations received from the public and from Chambers of Commerce and other institutions, the Government of India have sent detailed instructions to the State Governments with regard to the interpretation of the provisions of Article 286 of the Constitution of India relating to the levy of Sales Tax by the State Governments.

A Press Note issued by the Ministry of Finance, Department of Economic Affairs, says: From time to time, the Government of India have received representations from the public and from Chambers of Commerce and other institutions regarding the interpretation of the provisions of Article 286 of the Constitution of India which impose certain restrictions on the levy of Sales Tax by the State Governments. Due to the importance of the matter, the Government of India have considered the implications of the provisions of Article 286 and have advised the State Governments thereof in detail. As taxes on the sale or purchase of goods (other than newspapers) is an item in the State list of the Seventh Schedule to the Constitution, all representations relating to Sales Tax including those involving interpretation of Article 286 of the Constitution should be sent to the State Governments concerned.